

Market Opportunities

Forex is quite an efficient market. There are many variables affecting it and it is hard to target a specific risk exposure without being exposed to unwanted risks.

E.g. If you want to trade EURUSD because of difference in inflation expectations in the US vs the Eurozone, you'll get hit if the US Fed suddenly decide to change interest rates for non-inflation reasons.

I'm not a big fan of Forex but we use Forex many of our examples as it is easier to code. We will move on to other asset classes in the later chapters and in PT101.

Other than Forex, we can trade CFDs in MT4. These CFDs will allow us to get exposure to selected equity indices, stocks, fixed income, commodities and cryptocurrencies.

We will talk about how to code robots for CFDs[1] in chapter 25.

That said, this does not mean we can't trade Forex at all. There are still opportunities to trade Forex in event based trades (Brexit, economic announcements etc) or longer term macro-based trades.

Choosing a market

The rules of thumb are:

- The less popular the a market, the less efficient it is and the more profit opportunities there is.
- Trade something you have domain expertise in, whether it is a particular style of trading, asset class, industry, company or product line.
- Read the rumor mills not the mainstream media to find emerging gems

- Be adaptive. Markets change constantly. Go where the opportunities lie. Keep learning and researching. In my trading career, I've only had 4 profitable strategies. All 4 are almost completely different. Do milk them as much as possible while you can as the strategies die eventually, except the 4th, which is what I am trading now (time of writing is April 2020). But I'm sure this strategy will die too. But it is fine, I'll just keep looking and find something else eventually.

P.S. This is my opinion from my experience. Don't take anything for granted. Do your own due diligence and research too. If you manage to find a professional trader who trades Forex on price action successfully for many years, get a hint from them on how they do it.

P.P.S. The sizing algorithm we've seen in BelindaSizing, is meant for Forex only. In fact, the robots we have built so far are meant for Forex only too (and no, XAU and XAG pairs are not considered currencies). As mentioned, you will learn more about CFDs in chapter 25.

[1]: https://en.wikipedia.org/wiki/Contract_for_difference